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Livestock and Wool

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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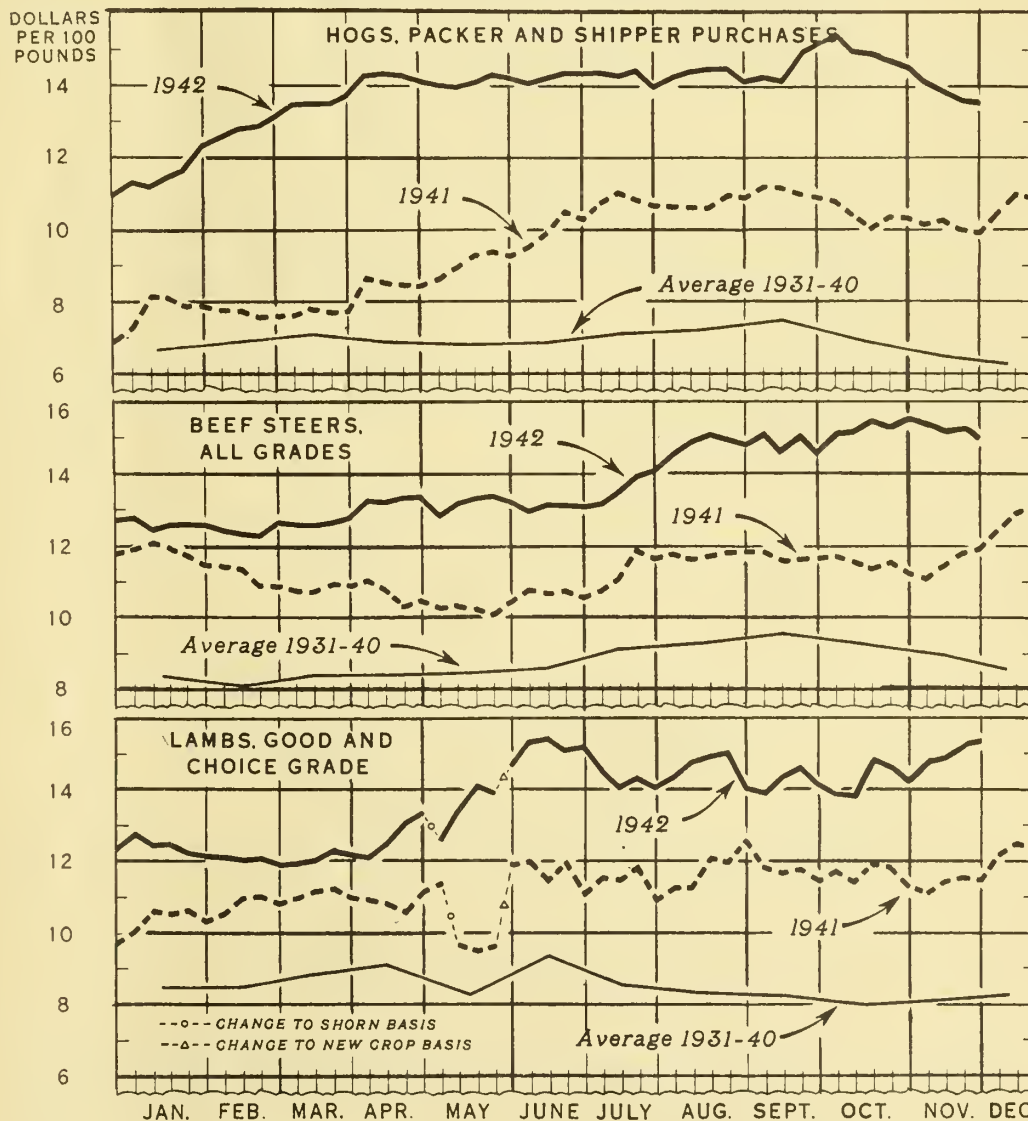
U.S. DEPARTMENT OF AGRICULTURE

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DECEMBER 1942

PRICES OF SLAUGHTER LIVESTOCK AT CHICAGO, AVERAGE 1931-40, AND 1941-42



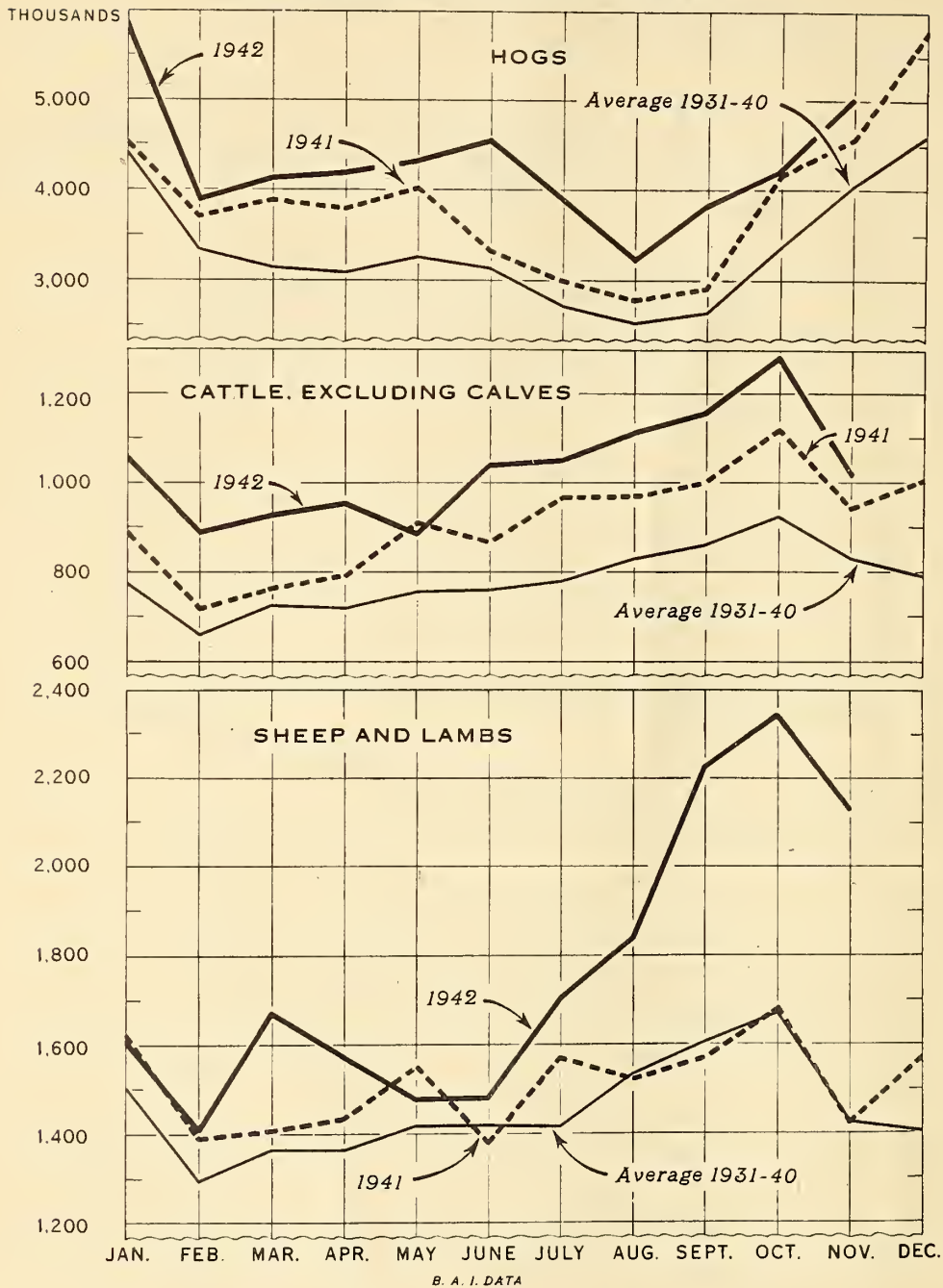
U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

Despite record large marketings, livestock prices during most of 1942 were materially higher than a year earlier, and they probably would have risen to even higher levels if it had not been for the meat price ceilings established by the OPA during the year. Prices received by farmers for meat animals during 1942 averaged about 30 percent higher than in 1941. Because of price ceilings on meats, livestock prices probably will not average much higher in 1943 than in 1942.

INSPECTED SLAUGHTER OF LIVESTOCK, AVERAGE 1931-40, AND 1941-42



U. S. DEPARTMENT OF AGRICULTURE

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Figure 1.- The number of meat animals slaughtered under Federal inspection during 1942 is expected to total about 93 million head, much the largest number on record. In the first 11 months of 1942 percentage increases in slaughter over a year earlier were as follows: sheep and lambs, 17; hogs, 16; cattle, 14; and calves, 6. With the exception of sheep and lambs, livestock slaughter in 1943 is expected to be even larger than in 1942.

THE LIVESTOCK AND WOOL SITUATION

Summary

Total wartime requirements for meats have increased greatly during the past year. For this reason, next year's goal for meat production has been increased nearly 4 billion pounds over the estimated 1942 production of 21.8 billion pounds. Achievement of the 1943 goal will provide sufficient meat supplies to fill the large lend-lease and military requirements, but supplies remaining for civilians will be reduced materially below the amounts civilians would be willing to buy at ceiling prices. The order of December 17 limiting civilian consumption of meat restricts supplies for civilians in the first quarter of 1943 to 70 percent of the beef, veal, and pork and 75 percent of the lamb and mutton consumed in the first quarter of 1941.

The 1943 goal for hog production calls for a 15 percent increase over 1942 in both spring and fall pig crops and a 10 pound increase in the average weight of hogs marketed. With attainment of the 15 percent increase, the 1943 pig crop will total 121 million head, compared with the estimated 105.5 million head raised in 1942. In order to assure farmers a favorable price for the expanded pig crop, hog prices will be supported through September 1944 at a minimum level of \$13.25, average Chicago basis, for Good and Choice grade butcher hogs weighing 240 to 270 pounds.

The 1943 goal for cattle and calves calls for a total slaughter of 10.9 billion pounds, dressed weight, an increase of about 7 percent over the record output of beef and veal in 1942. The goal for beef and veal production in 1943 will require slaughter of a little more than 30 million cattle and calves, compared with the estimated 1942 slaughter of nearly 28

million head. Next year's goal for sheep and lamb slaughter of 990 million pounds, dressed weight, is somewhat smaller than the estimated 1942 slaughter. Sheep numbers at the beginning of 1943 are expected to be 2 to 3 million head less than a year earlier.

Revised beef price ceilings at the slaughterer and wholesaler level were announced in early December, setting specific dollars and cents ceilings by grades for carcass beef and each of the primary wholesale cuts. Regional differentials based upon transportation costs between surplus and deficit areas also are provided. The new ceilings are designed to reflect market prices for live cattle slightly higher than the September 1942 level.

Shipments of feeder cattle into the Corn Belt during November continued substantially larger than a year earlier. Indications now are that the number of cattle fed in the Corn Belt will be somewhat larger this season than last, but that cattle feeding operations in the Western States will be reduced. Shipments of feeder sheep and lambs into the Corn Belt in November were much the largest on record for the month. Total shipments into the Corn Belt for the period July through November were also the largest on record. Reports from the Western States indicate that lamb feeding this winter will be reduced in most of the area except California.

Consumption quotas for wool for the period ending July 31, 1943, permit a considerable increase in use of wool for civilian worsted fabrics. Quotas for fabrics produced on the woolen and carpet systems remain unchanged. Consumption of apparel wool in the first 10 months of 1942 totaled 883 million pounds, compared with 790 million pounds a year earlier. The October 3 stocks of apparel and carpet wool held by dealers and manufacturers amounted to 605 million pounds (greasy shorn and pulled basis). These were much larger than

in recent years but not unusually large in relation to the high rate of mill consumption. Prices of domestic wools were mostly unchanged during the past month. Boston prices of fine grades are at or near ceiling levels. Prices of medium grades are only slightly below price ceilings.

-- December 22, 1942

REVIEW OF RECENT DEVELOPMENTS

Hog Prices Strengthen Following Announcement of Price Support Program

The downward trend in hog prices, under way since early October, leveled off in late November, after the Department announced its price-support program for hogs. For the week ended December 12 the average price of Good and Choice 240-270 pound butcher hogs at Chicago was \$13.60 per hundredweight, compared with the announced support level of \$13.25, and \$15.50 in early October. The unusually narrow spread between prices for butcher hogs and packing sows continued in early December.

Corn prices have advanced moderately in recent weeks. This advance, coupled with the decline in hog prices, has resulted in a decline in the hog-corn price ratio. The ratio based upon the average prices at Chicago for the week ended December 12 was 15.3, compared with 17.3 in November and the long-time average of 11.6

Hog Slaughter Increases Sharply in Late November and Early December

Hog marketings picked up sharply in late November and early December and are now running substantially larger than a year earlier. Slaughter at 27 centers for the week ended December 12 totaled over 1.2 million head, one of the largest weekly totals in all years. ^{1/} Slaughter at interior Iowa and southern Minnesota plants for the week were reported the largest on record.

Inspected slaughter for November totaled 5 million head, 19 percent more than in October and 10 percent more than in November last year. The number of packing plants operating under Federal inspection has increased in recent weeks, but this increase does not affect materially the comparability of monthly slaughter figures.

Average weights of all hogs purchased at seven important markets during November were about 10 pounds heavier than in the corresponding month last year, with butcher hogs showing an 8-pound increase from last year.

^{1/} Comparable data not available prior to 1938.

Pork and Lard Stocks Below Normal

The in-storage movement of pork during November was substantially below normal, totaling only 25 million pounds compared with 37 million pounds last year and the 5-year (1937-41) average of 58 million pounds. Lard was still moving out of storage during November as compared to the 5-year average in-storage movement of 6 million pounds.

Ordinarily the in-storage movement of pork begins during November as hog slaughter picks up seasonally and increases until late winter or early spring. The in-storage movement of lard begins in November or December and reaches a peak in mid-summer. However, with both pork and lard now selling at ceiling prices, there is little incentive for packers to store these products for later sale.

December 1 stocks of pork totaled 282 million pounds, compared with 350 million pounds a year earlier and a 5-year average of 339 million pounds. Stocks of lard on the same date totaled 51 million pounds, compared with 171 million pounds a year earlier and the 1937-41 average of 121 million pounds.

Government Purchase of Pork and Lard
Increases During November

Government purchases of pork and lard have increased since September in line with the seasonal increase in marketings and slaughter. However, purchases of both pork and lard continue considerably below the peak purchases of last April. Purchases of pork products in November totaled 136 million pounds, compared with 76 million pounds in October and 221 million pounds last April. Lard purchases amounted to 35 million pounds, about 3 million more than in October but only one-third as much as in April. Purchases of pork and lard are expected to increase considerably during the next few months.

Cattle Prices Weaken in Late November;
Slaughter Declines Seasonally

Prices of most grades of cattle weakened in late November and early December, reflecting anticipated revision of beef price ceilings and civilian meat quota restrictions. Prices since then have recovered partly, but continue below the high November level. The average price of Good grade beef steers at Chicago for the week ended December 12 was \$14.95 per hundred-weight, compared with \$15.40 in November and \$12.45 a year earlier.

Prices of feeder cattle strengthened moderately during November but declined in early December, responding to the decline in fat cattle prices. The average price of feeder cattle at Kansas City for the week ended December 12 was \$11.95, compared with \$12.60 in November and \$9.95 a year earlier. The feeding margin between feeder and fed cattle has been relatively favorable for cattle feeders this fall.

Marketings and slaughter of cattle have declined seasonally since October. In late November, inspected slaughter at 27 centers fell below that of a year earlier for the first time since early September. Inspected cattle slaughter in November totaled 1 million head, 20 percent smaller than in October, but 8 percent larger than a year earlier. Inspected calf slaughter in November of 501,000 head was 13 percent smaller than in October, but 5 percent larger than a year earlier. Marketings of well-finished slaughter cattle have been running since midsummer, substantially below a year earlier, but this decrease has been more than offset by large marketings of grass cattle, including a sharply increased proportion of cows and heifers.

Beef Price Ceilings Revised by Office
of Price Administration

Maximum prices for beef carcasses and wholesale cuts at the slaughterer and wholesale level were revised in early December. The new regulation (Revised MPR No. 169), issued December 10 and effective December 16 (December 10 for sales to war procurement agencies), is designed to eliminate price inequalities between regions and sellers which existed under earlier orders. The specific dollars and cents ceilings for the separate grades of beef, with specified regional differentials, should clarify considerably the price outlook for cattle feeders.

To eliminate one of the difficulties encountered under original regulations, the new order rigidly defines 9 primary wholesale cuts, and 5 additional cuts made by combination of the primary cuts, which may be sold by packers and wholesalers. This action was taken to prevent the possibility of the beef carcass being cut in such manner as to include substantial quantities of the lower priced cuts along with those from the higher priced sections of the animal. Regional differentials in the price ceilings are established on the basis of 10 price zones. In general, the zone boundaries were determined with reference to transportation costs between surplus and deficit producing regions of the country, with Kansas City as the basing point.

Other provisions of the revised regulation require official grading of all carcass beef (with minor exceptions) by Federal graders, and the allowance of higher ceilings for kosher-killed beef to compensate for the higher cost of processing. Calculations of the Office of Price Administration indicate that the revised ceilings will reflect prices for live animals at about the level that prevailed during September. As shown by the accompanying table, all these prices are substantially higher than a year ago, but for the upper grades are somewhat lower than the peak prices of early November.

Table 1.- Wholesale beef and live cattle prices per 100 pounds permitted by ceilings, with comparative data, specified grades, Chicago

Item	Grade designation			
	AA	A	B	C
	Choice	Good	Medium	Common
	Dollars	Dollars	Dollars	Dollars
Carcass beef, price ceiling	22.50	21.50	19.50	17.50
Live steer prices 1/ Beef ceilings equivalent 2/	15.80	14.50	12.70	10.80
September 1942 average	15.57	14.29	12.39	10.67
Average week ended				
November 7, 1942	16.94	15.50	12.88	10.50
December 12, 1942	16.30	14.95	12.85	10.78
December 13, 1942	13.52	12.58	10.95	9.12

1/ Weight range: Choice and Good 900-1,100 pounds; medium and common 700-1,100 pounds.

2/ High yielding animals should run 50 to 75 cents more per 100 pounds.

Shipments of Feeder Cattle Continue Large in November

Shipments of stocker and feeder cattle into the 11 Corn Belt States in November this year, inspected at stockyard markets, were about 15 percent larger than in November last year and were the largest for the month in more than 10 years. For the period July through November the total of shipments was about 20 percent above 1941 and was the largest for the period since 1924. In the 5 months, the total of direct shipments into the seven Corn Belt States was somewhat larger than for the corresponding period last year, but below the totals of 1940 and 1939. Total in-shipments for these months were materially larger than in the corresponding period of 1941, and not much below those for the 5 months in 1939 or 1940.

Reports from the Western States indicate that cattle feeding will be on a reduced scale in all Western States except California, where some increase is reported, and Arizona, where there is little change. Largest relative decreases are reported for Idaho, Utah and Oregon. Some increase in feeding is expected in Texas, where relatively large numbers of cattle are being fattened on wheat pastures. Shipments of feeder cattle into the Lancaster, Pa., feeding district this fall were larger than a year ago.

The movement of feeder cattle into the Corn Belt and into Western feeding areas has been later than usual this year. The generally good range condition and advancing prices tended to hold back the movement of Western grass cattle. Harvesting of the large corn crop and of sugar beets was slowed up by labor shortages, and the confused price situation tended to cause

many feeders to defer purchases of high-priced feeder cattle. But as fat cattle prices continued to advance, feeders apparently became more confident. Late in the season a strong demand developed for cattle to utilize the large supplies of hay and roughage available. These cattle probably will be finished out on grain later.

Lamb and Mutton Ceiling Prices Revised

Wholesale ceiling prices for lamb and mutton were revised in mid-December. Ceiling prices for lamb at wholesale and retail levels were first established on August 10, but mutton prices were not brought under control until October 5. Maximum prices on mutton were removed when Temporary Maximum Price Regulation No. 22 expired on December 3. Mutton prices were uncontrolled from December 3 till December 23, and advanced sharply during this period.

The new regulation (Revised MPR No. 239) follows the same general pattern as the revised beef regulation. Specific dollars and cents price ceilings on lamb and mutton are established on each of the various grades of carcasses and wholesale cuts, with specific allowable differentials to compensate for varying costs of processing and distribution. Regional price differentials, as in beef, are based upon the 10 price zones, with the base zones 2, 3, and 4, located roughly between the four far Western States and the Mississippi River. Retail price ceilings for lamb are not changed, but retailers of mutton will be permitted to add 3 cents per pound to their individual ceilings set by the previous regulation (Temporary MPR No. 22). Official grading by Federal graders is not required, but grading by the slaughterers according to official United States standards is mandatory. The number and kind of wholesale cuts made is standardized, but no limit is placed upon the number and kind of retail cuts.

Packer and wholesale lamb ceilings over most of the Nation are slightly reduced by the new regulation, but in some areas, especially Chicago and San Francisco, ceilings are raised. Price differentials between grades were determined upon the basis of past price relationships as well as feeding costs. This new order probably will not affect materially the general level of live animal prices, but some readjustments are expected.

Lamb Prices Strengthen in Early December; November Slaughter Large

Lamb prices advanced about \$1.40 after early November and in mid-December were near the peak prices reached last summer. Prices of feeder lambs and slaughter ewes also strengthened somewhat in recent weeks. The average price of Good and Choice grade slaughter lambs at Chicago for the week ended December 12 was \$15.50 per hundredweight, 80 cents higher than a month earlier and about \$3.30 higher than a year earlier.

Inspected slaughter of sheep and lambs in November totaled 2.1 million head, about 9 percent less than in October, but 49 percent more than a year earlier. Of the approximately 700,000-head increase in slaughter over November 1941, about 7 percent is attributed to increase in the number of plants operating under Federal inspection.

Volume of Lamb Feeding to be Large this Season

Unusually large shipments of feeder lambs and sheep into the Corn Belt in November changed the feeding picture somewhat from its status of a month ago. It now seems probable that the number of lambs fed in the Corn Belt States during the winter feeding season of 1942-43 will be larger than in the 1941-42 season, and that this increase may largely offset the decrease in the Western States.

Shipments of feeders into the 11 Corn Belt States were much the largest on record for the month. The number inspected at public stockyards was about 50 percent larger than in November last year. For the period July through November the total of such shipments was 20 percent larger than last year and the largest for the period in 11 years. Direct in-shipments into seven States for which records are published also were much larger in November this year than last. This increase brought the total of direct in-shipments into those States during July through November nearly up to the total for the period last year.

The largest increases indicated are in Nebraska and Kansas. The movement of feeder lambs into Nebraska in November was very large, which brought the total for the fall months much above any recent year. Although feeding for the State as a whole may reach near-record volume this season, the number fed in the important Scottsbluff area may be below last year. In Kansas, a record number of lambs are being finished on wheat pastures.

Reports from the Western States show that lamb feeding will be reduced in all of these States except California. Records of shipments up to the end of November into the principal feeding areas in Colorado, most important of all lamb feeding States, point to a reduction of around 25 percent in this season's operations. The number of lambs on wheat pastures in the Plains area of Texas is reported materially larger than last year, but the number in feed lots is smaller. Shipments to Oklahoma wheat pastures have been much smaller this year than last.

The distribution of lamb feeding among States and areas indicates that marketings of fed lambs will be earlier this season than last, and that slaughter may be larger in January and February 1943 than a year earlier, but smaller in March and April as compared with the corresponding period of 1942. Weather conditions to the end of November were generally quite favorable for feeding. Lambs in feed lots, in corn fields and on wheat pastures are reported to have made good gains.

December 1 Condition of Western Ranges,
Cattle, and Sheep

Range feed conditions on December 1 were reported generally good east of the Rocky Mountains, with ample feed along the east slope, in the Great Plains, and in the Southwest. West of the main range, late rains and snow have improved grazing conditions, but feed has been short because of dry weather in the late summer and fall. In the Far West, range feed conditions on December 1 were considerably below the high condition of a year ago, but for Range States as a group the December 1 condition was only a little below a year earlier and well above average for that date.

Cattle and calves are going into the winter season in good condition, with only a few thin cattle in local areas. Although marketings have been quite large this fall, the movement has not reached liquidation proportions. Sheep and lambs have continued in good condition, with ewe bands in generally good flesh to go into winter. Early lamb crop prospects are favorable in California and Arizona.

1943 PRODUCTION AND MARKETING GOALS FOR MEAT ANIMALS

Meat Requirements in 1943

Requirements for meats have increased greatly in the past year. The average daily consumption of meats by men in the Army is about 1 pound per man, which is considerably more than their normal civilian consumption. Requirements for lend-lease also have increased. In addition to the war needs for meats, civilian demand in this country will be the greatest on record. In 1943, domestic consumers will have about twice as much money to spend for foods as they did on the average in the years 1935-39.

For these reasons, next year's goal for meat production has been increased nearly 4 billion pounds over the estimated 1942 production of about 21.8 billion pounds. As shown by the accompanying table, attainment of the 1943 meat production goal will provide sufficient meat supplies to fill the large lend-lease and military requirements, but civilian supplies will have to be reduced materially below the amounts that civilians would be willing to buy at ceiling prices. To insure equitable distribution of the meat supply, formal rationing of meats to consumers is expected sometime after the first of the year.

Table 2. Production of meats, United States total, 1931-40 average,
1941-42 and 1943 goal
(Dressed weight basis)

Item	Unit	1931-40	1941	1942		1943
		average		Goal	Actual:	Goal
					1/	
<hr/>						
Total United States						
Production						
Beef and veal	Billion:	7.7	9.1	9.6	10.0	10.9
	pounds:					
Lamb and mutton	"	.9	.9	.9	1.0	1.0
Pork	"	8.2	9.5	11.1	10.8	13.8
All meats 2/	"	16.8	19.5	21.6	21.8	25.7

1/ Preliminary.

2/ Total of unrounded figures.

121 Million Head Pig Crop, 1943 Goal for Hogs

In mid-October, the Secretary of Agriculture asked hog farmers to plan for a 10 percent increase in their 1943 spring farrowings. But because of the

mounting wartime demands for pork and lard and the certainty that these demands will continue throughout most of 1944, next year's goal for hog production was revised upward in December. The goal now calls for a 15 percent increase over 1942 in both the spring and fall pig crops. The goal also asks for a 10-pound increase over 1942 in the average weight of hogs marketed. Farmers are urged to spread their farrowings and marketings as evenly as possible throughout the year.

With a 15 percent increase in the 1943 pig crop over 1942, next year's spring and fall crops combined will total approximately 121 million head, compared with the estimated 105.5 million head raised in 1942 and the 1936-40 average crop of 73.4 million head. The 10-pound increase in average weights of hogs marketed would raise the average liveweight of hogs slaughtered under Federal inspection to about 255 pounds. This would be much the heaviest annual average liveweight per hog on record, and would be reflected in an increase in the yields of about 7 pounds of pork and lard per hog.

To a large extent, hog slaughter in the calendar year 1943 is already determined by the size of the 1942 pig crop, revised estimates of which will be available on December 23. However, the market movement of the 1942 spring crop was slow in getting under way this fall, and the proportion of the crop on farms January 1 is expected to be larger than usual. This, together with the increased number of pigs to be marketed next fall (October-December 1943), could result in a total hog slaughter during 1943 of approximately 100 million head, roughly 20 million more than the 1942 total.

To assure farmers a favorable price for the expanded 1943 pig crop, the Secretary of Agriculture has announced that hog prices will be supported through September 1944 at a minimum level of \$13.25, average Chicago basis, for Good and Choice grade butcher hogs weighing 240 to 270 pounds. Although somewhat lower than the peak prices in early October, this is the highest level hog prices have reached during the winter months (when marketings are seasonally large) since 1919. In order to prevent hog prices from falling below this minimum support level, the Agricultural Marketing Administration will pay ceiling prices for pork products suitable for lend-lease delivery, and if necessary will purchase live hogs and arrange for their processing on a custom basis.

1943 Goal Calls For 7 Percent Increase in Beef and Veal Production

The 1943 goal for cattle and calves, as announced in late November, calls for a total slaughter of 10.9 billion pounds, dressed weight. This is an increase of about 7 percent over the estimated 1942 output of beef and veal and will be much the largest production on record.

Attainment of the goal for beef and veal production in 1943 will require slaughter of about 20 million cattle and a little more than 10 million calves, compared with the estimated 1942 slaughter of about 18.3 million cattle and 9.5 million calves. The 1942 cattle slaughter was much the largest on record. Despite this, the total number of cattle and calves on farms and ranches at the beginning of 1943 is expected to exceed the record number at the first of

1942 by more than 1 million head. As shown by the accompanying table, attainment of the 1943 slaughter goal may entail a slight reduction in cattle numbers from the high level expected to be reached at the beginning of the year. However, this will not jeopardize a continued large farm production of cattle. Because of the exceptionally strong demand for meats, farmers will be able to market this large number of animals at favorable prices.

Table 3.- Cattle and calves on farms January 1, calf crop, slaughter and total disappearance, 1936-40 average, annual 1941-43

Item	: 1936-40 : : average : : Million : head	: 1941 : : Million : head	: 1942 : : preliminary: : Million : head	: 1943 : : goal : Million : head
Cattle and calves on farms Jan. 1 ..	66.6	71.4	74.6	1/ 76.2
Calf crop	28.5	31.0	32.0	1/ 32.8
Total supply including imports:	95.7	103.1	107.2	109.4
Slaughter -				
Cattle	15.1	16.4	18.3	20.1
Calves	9.5	9.3	9.5	10.3
Total	24.6	25.7	27.8	30.4
Death losses	3.7	2.8	3.2	3.2
Total disappearance	28.3	28.5	31.0	33.6
Number end of the year	67.4	74.6	76.2	75.8

1/ Expected total.

Although the 1943 goals do not call for an increase in cattle feeding, the importance of this phase of cattle production is recognized. Not only is the total volume of beef production increased by feeding, but the monthly slaughter of cattle is more evenly distributed throughout the year than would be the case if all cattle went directly to slaughter. Recent revisions in the beef price ceilings have helped materially to clarify the price outlook for cattle feeders. Although the price which the new ceilings will permit for the different grades of cattle may not favor long feeding to a high degree of finish, conditions should now be favorable for the production of moderately well-finished grades, which are the kinds most needed in meeting the total beef requirements of 1943.

Goal For Sheep and Lambs Smaller Than the 1942 Slaughter

Next year's goal for mutton and lamb calls for a total production of 990 million pounds, dressed weight, the equivalent of about 24 million head of sheep and lambs. Sheep numbers were at an all-time high at the beginning of 1942. Exceptionally large marketings of mature sheep and ewe lambs during the past summer and fall are expected to result in a total slaughter for the year of close to 26 million head and a 2 to 3 million head reduction in the

number of sheep on farms and ranches at the beginning of 1943. Although this liquidation will not reduce greatly the total sheep population compared with recent years, it does not appear feasible to ask for as large sheep and lamb slaughter in 1943 as occurred in 1942. The accompanying table shows that, if the 1942 goal for sheep and lamb slaughter is reached, sheep numbers at the beginning of 1944 probably would be reduced below 52 million head, a little below the 1936-40 average. Slaughter as large as the probable 1942 total would reduce numbers to the lowest level since 1929.

Table 4.-- Sheep and lambs on farms January 1, lamb crop, slaughter and total disappearance, 1936-40 average, annual 1941-43

Item	: 1936-40 : : average : : Million : head	: 1941 : : Million : head	: 1942 : : preliminary : : Million : head	: 1943 : : goal : Million : head
On Farms January 1	51.5	54.3	56.0	1/ 53.3
Lamb crop	30.2	32.9	32.3	1/ 31.2
Total supply	81.7	87.2	88.3	84.5
Slaughter	21.7	22.3	26.0	24.1
Death losses	7.8	8.9	9.0	8.9
Total disappearance	29.5	31.2	35.0	33.0
Number end of year	52.2	56.0	53.3	51.5

1/ Expected total.

THE WOOL SITUATION

Domestic Wool Prices Firm; Mostly at Ceiling Levels

Prices of domestic shorn wools were firm during the last month. Sales were small. Prices of fine grades are at or close to ceiling levels and prices of medium grades are only slightly below ceilings. Recent Government orders for woollen cloth resulted in a strong demand for scoured wools. Prices on these wools advanced slightly. Quoted prices for fine staple combing territory wools remained unchanged at \$1.18-\$1.20 a pound (scoured basis) through the second week of December, compared with \$1.16 a pound in December 1941. Quoted prices on 3/8 blood combing fleece wools averaged 53 cents a pound (grease basis) in early December, a cent a pound below a month earlier but 2 cents a pound higher than a year earlier. The average price received by farmers for wool on November 15 was 39.7 cents a pound, unchanged from October 15. The average was 3.1 cents a pound higher than on November 15, 1941.

Demand Keen for Australian Wools at Boston Auction

About 2.2 million pounds of Australian wools were sold at auction in Boston on November 27 for account of the Defense Supplies Corporation. The wool was offered for sale because of warehouse conditions in New Bedford and

the action was not intended as a liquidation of strategic supplies. Competition was keen. Ceiling prices were obtained on all wools grading 60s or finer, but 1/2 blood wools grading 58s were sold at prices about 1-1/2 cents per pound (grease basis) below ceilings. Topmakers, mills and dealers shared in the purchase.

Export Prices of Australian Wools Reduced

Ceiling prices on Australian wools imported into the United States in the remainder of the 1942-43 season will be lowered as a result of the decision of the British authorities to allow a discount of 6-1/2 percent on present f.o.b. export prices of Empire wools effective December 3. No further alteration in prices will be made before June 30, 1943, the end of the current export season. The discount will apply also to South African and New Zealand wools. Export prices for these wools were increased about 12 percent at the beginning of the present season (July 1). As maximum selling prices for British control wools in the United States are determined by the export issue price plus actual costs of importation and a limited profit, the change in issue prices will be reflected in dealers' ceilings. The quantity of wool purchased at the higher 1942-43 prices was small.

The reduction of 6-1/2 percent in export prices, together with the recent reduction in war risk insurance rates, is likely to bring prices of foreign fine wools somewhat below ceiling prices for comparable domestic wools.

Mill Consumption Close to Record Rate in October

After a temporary decline in September, mill consumption of apparel wool rose to an average of 11.3 million pounds a week (scoured basis) in October, only slightly below the record July average of 11.5 million pounds. The October rate of consumption was 8 percent higher than that of September and also was 8 percent higher than in October 1941. About half of the wool consumed in October was domestic wool, the highest proportion since December 1941. The requirement that Army orders placed in September be filled with domestic wools probably accounts for the increased use of such wools.

Consumption of apparel wool on a greasy shorn and pulled basis totaled 883 million pounds in the first 10 months of 1942, compared with about 790 million pounds in the corresponding period last year. About 426 million pounds of domestic wool were used. It appears that consumption for 1942 will be well over a billion pounds, a new record. Consumption of carpet wool in the first 10 months of 1942 totaled 51 million pounds (grease basis), about one-third as large as in the same months last year. Carpet wool is not used extensively for military purposes.

Unfilled Orders for Wool Cloth Reduced During Third Quarter

Mill sales of wool fabrics, chiefly for military use, continued relatively large in the third quarter of 1942. The quantity sold, however, was considerably smaller than the amount produced, and unfilled orders were greatly reduced. Unfilled orders for wool cloth reported on October 3 by 119 mills totaled 86 million linear yards, according to statistics published by the National Association of Wool Manufacturers. Such orders were 22 percent smaller

than reported at the end of June and 13 percent smaller than a year earlier. About three-fourths of the total of 64 million yards was for Government account. Government orders were 20 percent smaller than on June 27. Orders held on October 3 for civilian fabrics were the smallest since March 1938. Unfilled orders held at the beginning of October were equivalent to about 16 weeks output at the rate of production maintained during the first 9 months of the year.

Table 5.- Wool cloth: Unfilled orders reported by 119 mills, United States, specified dates 1940-42

Date	Men's wear			Women's	Auto	Total
	Government:	Other :	Total :	wear	cloths 1/	
	: 1,000	1,000	1,000	1,000	1,000	1,000
	: linear	linear	linear	linear	linear	linear
	: yards	yards	yards	yards	yards	yards
1940						
March 30	748	21,297	22,045	4,429	1,136	27,610
June 29	9,436	17,564	27,000	12,933	3,064	42,997
September 28	12,806	19,200	32,006	10,919	2,927	45,852
December 28	28,457	25,799	54,256	11,403	2,494	68,153
1941						
March 29	20,148	40,256	60,404	12,170	2,675	75,249
June 28	23,018	49,315	72,333	18,961	5,605	96,899
September 27	29,010	48,546	77,556	17,805	3,097	98,458
1942						
January 3	54,126	34,189	88,315	12,470	1,508	102,293
March 28	51,519	27,243	78,762	10,357	672	89,791
June 27	80,495	21,520	102,015	7,949	9	109,973
October 3	64,010	15,031	79,091	6,507	---	85,628

Compiled from Monthly Statistics of Wool Manufacture, published by the National Association of Wool Manufacturers. Statistics are for cloth containing by weight over 25 percent of yarns spun on the woolen and worsted system cloth less than 50 inches wide reported in equivalent 54 inch yardage. 1/ Excludes cloth with pile or jacquard design.

Stocks of Wool on October 3 Much Larger Than a Year Earlier

Stocks of apparel and carpet wool held by dealers and manufacturers in the United States on October 3 totaled 605 million pounds (greasy shorn and pulled basis). About 288 million pounds were domestic wools and 317 million pounds were foreign wools. As stocks in the hands of growers were believed to be small, the above total includes most of the wool available for commercial purposes at the beginning of October. Additional quantities of pulled wool will be available from month to month from domestic slaughterings of sheep and lambs, but new clip domestic shorn wools will not be available in quantity until late spring or summer. On September 27, 1941, dealers and manufacturers reported 421 million pounds of wool on hand. The totals for 1941 and 1942 are not strictly comparable because of the larger number of firms reporting in 1942. Stocks on October 3 this year were much larger than in any recent year, but not unusually large in relation to the current high rate of mill

consumption. Stocks reported by dealers and manufacturers amounted to about a 6 months' supply at the October rate of consumption.

A breakdown of the October figures shows that about 476 million pounds (nearly 80 percent) were wools grading finer than 44s, the grades required in manufacture of Army fabrics. About 129 million pounds were 44s and coarser, including carpet wools. The coarse wools are not being used to any great extent in Army fabrics. Grade 44s, however, are used in certain woolen fabrics for lend-lease and war aid, for which orders are now pending.

Table 6.- Stocks of wool and similar fibers held by dealers and manufacturers in the United States, greasy shorn and pulled basis, October 3, 1942 ^{1/}

Grade	Domestic		Foreign		Total	
	Dealers	Manufac-	Dealers	Manufac-	Dealers	Manufac-
	turers	turers	turers	turers	turers	turers
	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds
Sheep's wool						
Ungraded ^{2/}	17,670	---	---	---	17,670	---
Fine (64s and finer)	35,864	75,816	15,087	66,949	51,951	142,765
1/2 blood (60s-62s)	20,208	27,984	8,385	18,048	28,593	46,032
3/8 blood (56s-58s)	32,324	34,162	21,813	32,325	54,137	66,487
1/4 blood (50s-52s)	12,166	21,438	8,046	9,694	20,212	31,132
Low 1/4 blood (46s-48s)	2,115	4,211	4,928	6,712	7,043	10,923
Total above (suited to						
Army fabrics)	121,347	163,611	58,259	133,728	179,606	297,339
Common (44s)	479	1,379	3,977	10,611	4,456	11,990
Braid and coarser (36s-40s)						
and fine carpet wools	377	336	17,132	55,868	17,509	56,204
Coarse carpet wools	27	12	9,749	28,187	9,776	28,199
Total sheep's wool	122,230	165,338	89,117	228,394	211,347	393,732
Mohair					^{3/} 12,741	5,454
Alpaca					875	722
Other llama fibers					228	130
Camel's hair					216	179

Compiled from Wool Stocks Report, Bureau of the Census.

^{1/} These statistics do not include wool afloat to United States' dealers and manufacturers, and wools held by the Defense Supplies Corporation as a strategic reserve.

^{2/} Warehouse and country dealer stocks. The bulk of this wool probably is of fine and 1/2 blood grades.

^{3/} Held chiefly by country dealers.

Woolen Cloth to be Purchased for Lend-Lease

Bids were opened in early December on offers of 10.2 million yards of woolen cloth requested for war aid. The items included 6.8 million yards of melton, 2.4 million yards of 21-ounce serge and 1 million yards of oxford cloth. The wool used in these fabrics may be all domestic, all foreign or a 50/50 combination. Specifications for melton call for 40 percent of wools grading 44s or finer and 10 percent of 58s grade. The serge calls for wool

grading 58s. Bids were also opened in early December on 3 million sweaters for war aid. New orders for Army fabrics were relatively small in November.

More Wool to be Available for Civilian Fabrics
in First Half of 1943

Under an amendment to Conservation Order M-73 issued December 10, the worsted system will be able to use a considerably larger amount of wool for civilian fabrics in the new rationing period which begins February 1, 1943. A supplementary quota of 10 percent is also added to the quota for the present period, which expires January 31. Quotas for the woolen system and for the manufacture of floor coverings remain unchanged. The amendment provides that mills may carry over any unused portion of the civilian quota from one period to the next. As now, the quotas are in two parts -- a quota for unrestricted use, and a bonus to be used only in fabrics in which wool is blended with other fabrics, with a maximum of 65 percent of new wool. The order also continues provisions by which quotas are increased in proportion to the amounts of coarse wools used (grades 44s and coarser, and coarse alpaca and llama). The increase in consumption on the worsted system will provide additional fabrics for the 1943 fall season. Production of civilian fabrics has declined sharply in recent months.

Table 7.- Mill consumption of new wool permitted for civilian use expressed as a percentage of basic quarterly poundage 1/

Period	Worsted	Woolen	Carpet
	Percent	Percent	Percent
August 3, 1942-January 31, 1943			
Quota	20	5	50
Bonus <u>2/</u>	25	25	--
Supplementary <u>3/</u>			
Quota	5	--	--
Bonus <u>2/</u>	5	--	--
6 months total <u>4/</u>	55	30	50
February 1-May 2, 1943			
Quota	15	2.5	25
Bonus <u>2/</u>	20	12.5	--
May 3-July 31, 1943			
Quota	15	2.5	25
Bonus <u>2/</u>	20	12.5	--
6 months total <u>4/</u>	70	30	50

1/ Basic quarterly poundage equals one half the quantity used for all purposes during the first 6 months of 1941.

2/ May be used only in blended fabrics with a maximum wool content of 65 percent.

3/ Conservation order M-73 as amended December 10, 1942.

4/ Quotas may be increased for all systems except floor coverings in proportion to the quantities of coarse wools used (grades 44s and coarser, and coarse alpaca and llama).

Livestock: Marketings and slaughter statistics, by species,
November 1942, with comparisons

Item	Unit	Jan.-Oct.			1941	1942	
		1940	1941	1942	Nov.	Oct.	Nov.
<u>Cattle and calves -</u>							
Number slaughtered under							
Federal inspection:							
Steers	Thous.	4,144	4,570	5,260	416	493	
Cows and heifers	"	3,526	4,012	4,682	481	739	
All cattle	"	8,015	9,001	10,347	941	1,280	1,018
Percentage cows and heifers	"						
are of total cattle	Pct.	44.0	44.6	45.2	51.2	57.7	
Calves	Thous.	4,460	4,529	4,783	476	578	501
Average live weight:							
Cattle	Lb.	942	959	955	960	922	
Calves	"	189	194	206	210	240	
Total dressed weight:							
Cattle	Mil.lb.	4,116	4,731	5,367	481	610	
Calves	"	470	495	551	55	76	
Shipments of feeder cattle and							
calves to seven Corn Belt							
States 1/	Thous.	1,750	1,434	1,559	274	486	314
<u>Hogs -</u>							
Number slaughtered under							
Federal inspection	"	38,916	36,192	42,096	4,561	4,218	5,023
Average live weight	Lb.	234	242	245	233	241	
Percentage packing sows are of							
all purchases at seven markets	Pct.	12	12	14	8	16	10
Total production under							
Federal inspection:							
Pork	Mil.lb.	5,143	4,956	5,887	607	591	
Lard 2/	"	1,200	1,194	1,361	142	120	
Average yield per hog:							
Pork	Lb.	132.9	138.1	140.8	133.3	140.3	
Lard 2/	"	30.9	33.1	32.4	31.1	28.5	
Storage stocks end of month:							
Pork	Mil.lb.	---	---	---	350	257	3/ 282
Lard 2/	"	---	---	---	176	58	3/ 55
<u>Sheep and lambs -</u>							
Number slaughtered under							
Federal inspection	Thous.	14,473	15,130	17,324	1,424	2,344	2,126
Average live weight	Lb.	86	88	89	87	86	
Total dressed weight	Mil.lb.	584	627	710	57	91	
Shipments of feeder lambs to							
seven Corn Belt States 1/	Thous.	3,035	2,862	2,900	219	976	452
<u>Total dressed weight of live-</u>							
<u> stock slaughtered under</u>							
Federal inspection	Mil.lb.	11,960	12,444	14,381	1,394	1,532	

1/ Total shipments direct and from public stockyards to Ohio, Indiana, Michigan, Wisconsin, Minnesota, Iowa, and Nebraska.

2/ Including rendered pork fat.

3/ Preliminary.

Livestock prices per 100 pounds (except where noted), by species,
November 1942, with comparisons

Item	1941	1924-29	Nov.		1942		
	annual	average	1940	1941	Sept.	Oct.	Nov.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
<u>Cattle and calves -</u>							
Beef steers sold out of first hands at Chicago:							
Choice and Prime	12.23	14.08	13.59	11.95	15.69	16.32	16.77
Good	11.36	12.36	11.73	11.24	14.63	15.07	15.40
Medium	10.02	10.30	9.45	10.22	12.87	13.10	13.44
Common	8.64	8.36	7.49	8.85	10.79	10.78	10.67
All grades	11.33	11.49	12.06	11.40	14.84	15.21	15.30
Good grade cows at Chicago ...	8.43	7.79	7.32	8.04	11.11	12.21	12.56
Vealers, Good and Choice at Chicago	12.17	12.02	10.52	12.28	14.99	14.50	14.50
Stocker and feeder steers at Kansas City	9.93	1/8.88	8.81	9.34	11.64	11.83	12.62
Average price paid by packers:							
All cattle	9.14	7.63	7.80	8.74	11.10	10.79	2/
Steers	10.67	2/	10.30	10.72	13.10	13.30	2/
Calves	10.12	9.38	7.97	9.32	11.85	11.57	2/
<u>Hogs -</u>							
Average market price at Chicago:							
Barrows and gilts	9.47	2/	6.16	10.22	14.67	14.97	13.94
Sows	9.34	2/	5.84	9.77	14.18	15.00	14.03
All purchases	9.45	9.81	6.11	10.16	14.45	14.98	13.96
Average price paid by packers:	9.42	9.84	5.96	10.14	14.31	14.67	2/
Average price No. 3 Yellow corn at Chicago 3/	70.4	86.8	64.5	70.7	84.1	77.3	80.5
Hog-corn price ratio at Chicago 4/	13.4	11.6	9.5	14.4	17.2	19.4	17.3
<u>Sheep and lambs -</u>							
Slaughter lambs, Good and Choice grade at Chicago :	11.32	13.60	9.49	11.32	14.20	14.32	14.74
Feeding lambs, Good and Choice grade at Omaha		12.86	8.62	10.34	12.89	12.20	12.35
Ewes, Good and Choice grade at Chicago	5.43	5.94	4.24	5.31	5.95	5.78	6.
Average price paid by packers for sheep and lambs	10.16	12.31	8.48	10.05	11.57	10.98	2/
Index retail meat prices 5/ ..	92.4	100.6	83.7	94.9	112.3	112.8	2/
Index income of industrial workers 6/	127	100	102	141	184	187	2/

1/ 1925-29 average; not available prior to 1925.

2/ Not available.

3/ Cents per bushel.

4/ Number of bushels of corn equivalent in value to 100 pounds of live hogs.

5/ Bureau of Labor Statistics, converted to 1924-29 base.

6/ Bureau of Agricultural Economics, 1924-29 = 100.

Wool: Mill consumption and machine activity, United States,
selected periods, 1940-42

Item	Aggregate				Weekly average			
	1940		1941		Jan.-Oct. 1/	Oct.	Sept.	Oct.
	1940	1941	1941	1942	1941	1942	1942	1942
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Mill consumption								
(revised basis) 5/								
Grease basis 6/ -								
Apparel wool	639,618	967,685	803,303	882,939	20,045	19,958	21,556	
Domestic	486,756	493,934	398,635	426,185	10,975	10,766	12,224	
Foreign								
(duty paid)	152,862	473,751	404,668	456,754	9,070	9,192	9,332	
Carpet wool -								
Foreign								
(duty free)	138,746	199,453	167,890	51,195	4,027	803	1,080	
Scoured basis -								
Apparel wool	309,163	509,014	424,684	470,529	10,399	10,461	11,263	
Carpet wool	93,708	138,917	116,514	36,896	2,796	609	810	
	Weekly average in hours							
Machine activity								
Hours per available								
machine -								
Worsted combs	55.1	86.7	86.0	90.5	92.2	84.2	84.3	
Bradford	43.5	74.9	73.8	77.6	81.3	72.2	68.8	
French	79.4	110.6	111.0	115.3	113.8	107.0	114.1	
Worsted spindles ...	37.7	61.0	60.4	58.9	65.1	57.7	60.9	
Woolen spindles ...	43.2	63.8	63.3	74.4	68.7	73.1	77.2	
Worsted and								
woolen looms -								
Broad	39.0	61.4	60.4	71.1	64.1	69.4	70.9	
Narrow	13.6	31.7	31.3	34.4	37.8	31.3	36.2	
Carpet and rug								
looms -								
Broad	37.9	50.8	50.8	41.6	54.3	36.6	39.3	
Narrow	21.9	30.8	31.0	23.1	31.7	18.2	20.0	

Compiled from reports of the Bureau of the Census.

1/ The January-October period covers 44 weeks in 1941 and 43 weeks in 1942. Hence the totals are not comparable.

2/ 5-week period.

3/ Revised.

4/ 4-week period.

5/ New basis adopted by the Bureau of the Census in January 1942. Apparel wool includes all domestic wools and all duty paid foreign wools. Carpet wool includes only foreign wools entered free of duty for the manufacture of floor covering, press cloth, knit or felt boots or lumbermen's socks. In this table data for 1940 and 1941 have been adjusted to the new basis.

6/ Total of shorn and pulled wool. Pulled wool, grease basis, is in condition received from pulleries and is mostly washed.

Prices per pound of wool and other textile raw materials in
the United States, selected periods, 1939-42

Item	Average			1941	1942		
	1939	1940	1941	Nov.	Sept.	Oct.	Nov.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Boston market -							
Territory, scoured basis -							
64s, 70s, 80s (fine) staple							
combing	82.7	96.3	108.8	112.5	119.0	119.0	119.0
56s (3/8 blood) combing	69.3	79.7	91.2	96.2	103.5	103.5	103.5
46s (low 1/4 blood)	62.6	76.1	82.3	86.5	91.5	91.5	91.5
Bright fleece, greasy -							
64s, 70s, 80s (fine) delaine	32.9	38.0	43.1	44.2	47.0	47.0	47.0
56s (3/8 blood) combing	36.2	41.2	46.8	50.2	53.0	53.5	54.0
46s (low 1/4 blood)	35.5	41.0	46.5	50.0	49.5	49.5	49.5
Foreign wool - in bond							
at Boston 1/ -							
Sydney - scoured basis -							
64s, 70s, good combing	58.6	67.9	72.7	70.5	79.0	79.0	79.0
Cape - scoured basis -							
12 months, combing	53.7	62.9	70.9	69.0	76.5	76.5	76.5
Montevideo - grease basis -							
Merinos (60-64s)	26.1	31.2	40.4	41.5	43.0	43.0	43.0
1s (56s)	28.3	32.4	38.6	39.5	42.2	42.2	42.2
Prices received by farmers,							
grease basis, 15th of month	22.3	28.3	35.5	36.6	39.7	39.7	39.7
Textile fibers:							
Wool, territory fine staple 2/	82.7	96.3	108.8	112.5	119.0	119.0	119.0
Cotton, 15/16" Middling 3/	9.30	10.17	13.92	16.38	18.72	18.89	19.27
Rayon yarn, 150 denier 4/	51.6	53.0	53.6	55.0	55.0	55.0	55.0
Rayon staple fiber 5/							
Viscose 1-1/2 denier	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Acetate 5 denier	46.0	43.0	43.0	43.0	43.0	43.0	43.0

Compiled from reports of the Agricultural Marketing Administration except as otherwise noted.

1/ Before payment of duty. Compiled from the Boston Commercial Bulletin.

2/ Scoured basis, Boston market.

3/ Average at 10 markets.

4/ Domestic yarn, first quality, Bureau of Labor Statistics.

5/ F.o.b. producing plants, Bureau of Labor Statistics.

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